17 September 2020

Hilton Food Group plc

Interim results for the 28 weeks to 12 July 2020

Strong execution and growth during challenging circumstances

Hilton Food Group plc, the leading specialist international food packing business, is pleased to announce its interim results for the 28 weeks to 12 July 2020.

Financial and strategic highlights

	2020 28 weeks to 12 July 2020	2019 28 weeks to 14 July 2019	Change Reported	 Constant currency
Volume [1] (tonnes)	**237,340**	**193,608**	**22.6%**	
Revenue	**£1,264.2m**	**£912.1m**	**38.6%**	**40.0%**
<u>Adjusted results [2]</u>				
Adjusted operating profit	**£31.5m**	**£26.7m**	**17.9%**	**19.6%**
Adjusted profit before tax	**£28.1m**	**£24.5m**	**14.6%**	**16.1%**
Adjusted basic earnings per share	**25.9p**	**22.8p**	**13.6%**	**15.4%**
<u>IFRS results</u>				
Operating profit	**£31.3m**	**£26.2m**	**19.6%**	
Profit before tax	**£24.0m**	**£19.9m**	**21.0%**	
Basic earnings per share	**22.3p**	**17.4p**	**28.2%**	
Cash flows from operating activities	**£35.4m**	**£8.1m**		
Net bank debt [3]	**£131.7m**	**£97.3m**		
Interim dividend	**7.0p**	**6.0p**	**16.7%**	

<u>Notes</u>

1 Volume includes 50% share of the Australian, Portuguese and Dutch joint venture activities

2 Adjusted results represent the IFRS results before deduction of acquisition intangibles amortisation £1.3m (2019: £1.3m) and IFRS 16 lease adjustments as detailed in the Alternative performance measures note 14. Unless otherwise stated financial metrics in the Financial and strategic highlights, Review of operations and Financial review refer to the adjusted results

3 Net bank debt represents borrowings less cash and cash equivalents and other financial asset

- Higher demand due to increased consumption at home due to Covid-19
- Strong volume and revenue growth in Australia and UK alongside higher raw material prices
- Supply to customers resilient with all facilities remaining fully operational, although with increased Covid mitigation costs
- Operating profit up 19.6%* to £31.5m and basic earnings per share up 15.4%* to 25.9p
- Agreement with Delhaize for a new facility in Belgium due to open in October 2020
- Australia joint venture transition period concluded with purchase of assets relating to the joint venture
- Interim dividend increased from 6.0p to 7.0p, an increase of 16.7%

* On a constant currency basis

Commenting on the results, Executive Chairman Robert Watson OBE, said:
"I am extremely proud of the commitment and resilience shown by the entire Hilton team to step up and adapt quickly to the challenges caused by Covid-19 in order to safeguard our people, keep our facilities open and support our customers. This response underpinned a strong performance with volume and profit growth demonstrating the robustness and sustainability of our business.

"Hilton continues to invest in new facilities in Belgium and New Zealand which, together with the further development of our fish and vegetarian categories will ensure future growth. As with all businesses there remain uncertainties concerning the full impact of Covid-19 including potential recessionary risks but our wide geographical spread and the fact we serve the food retail sector make us believe we are well placed to meet any future challenges.

"Our financial position remains strong and we continue to explore opportunities to invest and grow the business both domestically and in overseas markets with both new and existing customers. Our full year results are expected to be in line with the Board's expectations."

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This announcement contains inside information.

Cautionary statement
This interim management report contains forward-looking statements. Such statements are based on current expectations and assumptions and are subject to risk factors and uncertainties which we believe are reasonable. Accordingly Hilton's actual future results may differ materially from the results expressed or implied in these forward-looking statements. We do not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Review of operations

The Group is presenting its interim results for the 28 week period to 12 July 2020, together with comparative information for the 28 weeks to 14 July 2019. These interim results are prepared in accordance with IAS 34 as adopted by the European Union (EU).

Global pandemic

The Covid-19 outbreak continues to present major challenges across the globe with ongoing uncertainty over its longevity and impact. As part of the global food supply chain we were tasked with keeping our facilities open, protecting our people and supporting our retailer partners. All of our facilities have remained fully operational and without interruption. Lockdown and travel restrictions have resulted in more cooking at home thereby creating higher demand for our products. Hilton's performance has therefore been a continuation of our business growth albeit at an increased level of activity together with specific measures introduced to manage our exposure to the virus. There has been communication with key suppliers to ensure the continued supply of goods and services and also alignment with our customers in our response. We are extremely proud of the commitment and resilience shown by the entire Hilton team to step up and adapt quickly to the challenges caused by Covid-19 in order to safeguard our people, keep our facilities open and support our customers.

The health and wellbeing of our people is paramount and we established all necessary protocols to protect them and minimise contact, prioritising those that are most susceptible to Covid-19 including those with underlying health conditions. Our mitigation actions have included extensive cleaning regimes, hand-sanitising stations and social distancing together with the use of face masks, visors, screens, temperature monitoring and track and trace procedures. We have also invested in air purification units and introduced Covid marshals together with an employee pre-arrival screening questionnaire via our app. Travel by our colleagues is strictly managed and visitors minimised as are all movements within our facilities. Our office-based staff were able to quickly switch to effective remote working from home and are being supported as required including use of virtual meeting software with minimal business disruption. The introduction of the measures outlined above have increased our costs accordingly, partly offset by lower travel costs.

We have not sought or received any governmental assistance or support including no use of furlough in our production facilities. There have been no Covid-related changes to employee pay and conditions and no redundancies. Employees having to isolate due to the virus have remained on full pay. In addition, there have been no commercial changes in trading with our suppliers and customers.

Hilton remains financially strong with significant cash balances and undrawn loan facilities and we continue to operate well within our banking covenants. The Board is satisfied that the Group has adequate headroom under its existing facilities to continue to operate and to maintain its dividend policy.

Performance overview

Hilton's business is based on a total partnership approach with its customers and suppliers forged over many years. We operate production facilities in seven countries across Europe and Australia and also work with a number of joint venture partners. The wide geographical spread of the Group's operations is a significant strength of our business model. Hilton is well placed in the current Covid climate as it almost exclusively serves the retail sector.

Performance in the period saw volume growth of 22.6% attributable to our new Australian facility, UK and increased home consumption driven by Covid. Revenue and profit also increased the latter despite increased Covid-related costs. Operating margin was lower at 13.2p per kg (2019: 13.8p per kg) and the margin % was 2.5% (2019: 2.9%) mainly due to higher Australia unit revenues, more resourcing and also Covid-related costs.

Hilton's results, reported in Sterling, are sensitive to changes in the value of Sterling compared to the range of overseas currencies in which the Group trades. Over the 28 weeks to 12 July 2020 the average exchange rates for these overseas currencies generally weakened slightly against Sterling compared with the corresponding period in 2019 which has the effect of reducing revenues by 1.4%.

Europe

Operating profit of £31.3m (2019: £27.9m) on turnover of £1,036.1m (2019: £904.5m)

This operating segment covers the Group's meat, fish and vegetarian businesses and joint ventures in the UK, Holland, Ireland, Sweden, Denmark, Poland and Portugal. Our products are sold in 13 countries across Europe.

Volumes increased by 10.2% largely reflecting higher demand due to increased UK participation with Tesco UK following the increase in retail packed red meat to 100% from mid-2019 and increased home consumption driven by Covid. There was also growth across the region particularly at Dalco, our vegetarian joint venture business, although the impact of Covid on the food service sector has adversely affected our trading business. Turnover increased by 14.9% on a constant currency basis reflecting the higher volumes and also increases in raw material prices. Operating margins were steady at 3.0% (2019: 3.1%).

During the period we began preparing our new Belgium facility which is due to open in October 2020.

Australasia

Operating profit of £7.5m (2019: £4.7m) on turnover of £228.1m (2019: £7.6m)

In Australia, the Group has operated a joint venture with Woolworths since 2013 earning service fees based on retail packed meat produced at plants in Bunbury, Western Australia and Melbourne, Victoria. We took full operational control of these plants from July 2018 and additionally opened a new facility in Brisbane, Queensland in July 2019.

Volumes, including our share of the JV, increased by 100.6% during the period driven by the opening of the new Brisbane facility and increased demand. Sales, which excludes the JV activities, increased to £228.1m (2019: £7.6m) and operating profit increased to £7.5m (2019: £4.7m) reflecting the higher volumes.

The joint venture transition period concluded during the period with the purchase of the assets, on 30 June 2020, for A$69.3m (£36.1m) of the Bunbury, Western Australia and Melbourne, Victoria facilities. Completion of our new meat and fish facility in New Zealand has been delayed due to the Covid travel restrictions and this facility is now expected to open during Q3 2021.

Strategic progress

During the period we reached agreement with Delhaize, a leading retailer in Belgium, to pack all its red meat requirements from a site in Belgium covering beef, pork and lamb which is due to open in October 2020. Delhaize operates approximately 800 stores in Belgium and Luxembourg and this represents a further extension of our working relationship with Ahold Delhaize.

In Australia our working relationship with Woolworths has further evolved with the end of the joint venture transition period and purchase of the JV assets.

Investments in our facilities

Hilton continues to invest in all its facilities maintaining state of the art levels required to service our customers' growth, extend the range of products supplied to those customers and deliver both first class service levels and further increases in production efficiency. This investment ensures we can achieve low unit costs and competitive selling prices at increasingly higher levels of production throughput. Capital expenditure during the period was £60.7m (2019: £56.8m) which included the purchase of the Australia joint venture assets, investment in the new facility in New Zealand and also further investments across the Group to increase operational efficiency and automation.

Outlook

Hilton continues to invest in new facilities in Belgium and New Zealand which, together with the further development of our fish and vegetarian categories will ensure future growth. As with all businesses, there remain uncertainties concerning the full impact of Covid-19 including potential recessionary risks but our wide geographical spread and the fact we serve the food retail sector make us believe we are well placed to meet any future challenges.

Our financial position remains strong and we continue to explore opportunities to invest and grow the business both domestically and in overseas markets with both new and existing customers. Our full year results are expected to be in line with the Board's expectations.

Financial review

The Board uses adjusted profit before IFRS 16, acquired intangibles amortisation and exceptional items to measure performance and considers this metric better reflects the underlying performance of the business. The adjustment for acquisition intangibles amortisation of £1.3m (2019: £1.3m) is mainly in connection with the 2017 Seachill acquisition. Unless otherwise stated financial metrics refer to the adjusted results.

Hilton's underlying financial performance was strong. Turnover increased by 38.6% to £1,264.2m (2019: £912.1m) and by 40.0% on a constant currency basis driven by higher volumes. Further details of turnover and volume growth by segment are detailed in the Review of operations above.

Operating profit for the first 28 weeks of 2020 was £31.5m, 17.9% higher than in the previous year (2019: £26.7m) and 19.6% higher on a constant currency basis in line with volume growth. The operating profit margin reduced to 2.5% (2019: 2.9%) mainly due to higher Australia unit revenues, more resourcing and also Covid-related costs. IFRS operating profit for the first 28 weeks of 2020 was £31.3m (2019: £26.2m).

Net finance costs increased to £3.5m (2019: £2.3m) mainly reflecting higher borrowings relating to capital expenditure. Interest cover was 9 times (2019: 12 times). IFRS net finance costs were £7.3m (2019: £6.3m).

The taxation charge for the period was £6.0m (2019: £4.8m) representing an effective underlying tax rate of 21.5%, an increase on last year (2019: 19.5%) including a higher level of income in Australia which is taxed at higher rates. The IFRS taxation charge was £5.0m (2019: £4.5m) representing an effective underlying tax rate of 20.7% (2019: 22.8%).

Net income, representing profit for the year attributable to owners of the parent, of £21.2m was 14.0% above last year (2019: £18.6m) reflecting higher operating profit partially offset by higher interest and taxation charges. IFRS net income was £18.2m (2019: £14.2m).

Basic earnings per share in the first 28 weeks of 2020, at 25.9p, were 13.6% above last year's level reflecting the growth in operating profit. IFRS basic earnings per share were 22.3p (2019: 17.4p).

EBITDA increased to £49.0m for the period (2019: £39.2m) reflecting the increase in operating profits together with higher depreciation charges. IFRS EBITDA was £61.3m (2019: £49.2m).

In the first 28 weeks the Group absorbed £22.9m of cash outflow, before minorities, dividends and financing (2019: cash outflow £51.2m) which included significant capital expenditure comprising investments in new facilities in New Zealand together with the purchase of the Australia joint venture assets thereby increasing our borrowings. Net cash generated from operations at £35.4m (2019: £8.1m) returned to more normalised higher levels.

Cash balances at 12 July 2020 were £111.1m, which together with the other financial asset and net of borrowings of £242.8m, resulted in net bank debt of £131.7m (£97.3m at 14 July 2019 and £86.8m at 29 December 2019). At 12 July 2020 the Group had undrawn committed loan facilities of £62.3m (£71.1m at 29 December 2019).

The Directors consider that, given the Group's strong financial position, it is appropriate to maintain its dividend policy and have approved the payment of an interim dividend of 7.0p per ordinary share (2019: 6.0p). This interim dividend amounting to £5.7m will be paid on 27 November 2020 to shareholders on the register at close of business on 30 October 2020.

Going concern

The Directors have performed a detailed assessment, including a review of the Group's budget and forecasts for the 2020 financial year and its longer term plans, including consideration of the principal risks faced by the Group. The evolving Covid-19 outbreak has led to an increased demand for protein-based products produced by the Group and the Group's facilities remain fully operational. The Group has established business continuity plans and flexible supply models in order to continue to meet this increased demand. The resilience of the Group in the face of the uncertain challenges presented by Covid-19 has been assessed by applying significant downside sensitivities to the Group's cash flow projections. Allowing for these sensitivities and potential mitigating actions the Board is satisfied that the Group is able to continue to operate well within its banking covenants and has adequate headroom under its existing committed facilities. The Directors are satisfied that the Company and the Group have adequate resources to continue to operate and meet its liabilities as they fall due for the foreseeable future, a period considered to be at least 12 months from the date of signing these interim financial statements.

The Group's borrowings are detailed in note 10 to this report and the principal banking facilities which support the Group's existing and contracted new business are committed, with no renewal required until 2022. The Group continues to be in compliance with all its banking covenants. Future expansion which is not yet contracted for, and which is not built into internal budgets and forecasts, may require additional or extended banking facilities and such future expansion will depend on our ability to negotiate appropriate additional or extended facilities as and when required.

The financial position of the Group including its cash flows, liquidity position and borrowings are described above, with its business activities and the factors likely to affect its future development, performance and position being covered in the Review of operations. As at the date of this report the Directors have a reasonable expectation that the Group has adequate resources and, having reassessed the principal risks, consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial statements.

The principal risks and uncertainties facing the Group's businesses

Hilton has well developed processes and structures for identifying and subsequently mitigating the key risks which the Group faces. The most significant risks and uncertainties faced by the Group, together with the Group's risk management processes are detailed in the review of Risk management and principal risks on pages 24 to 27 of the Hilton Food Group plc 2019 Annual report. The principal risks and uncertainties identified in that report were:

- The Group strategy focuses on a small number of customers who can exercise significant buying power and influence when it comes to contractual renewal terms at 5 to 15 year intervals;
- The Group's growth potential may be affected by the success of its customers and the growth of their packed food sales;
- The progress of the Group's business is affected by the macroeconomic environment and levels of consumer spending which is influenced by publicity and the decline in the consumption of meat in the countries in which it operates;
- Under growth conditions the Group's business is reliant on a small number of key personnel and its ability to manage growth and change successfully. This risk has increased with the Group's continued expansion with new customers and into new territories with potentially greater reliance on stretched skilled resource and execution of simultaneous growth projects;
- The Group's current rate of global growth places significant demands on the effectiveness of integration and compliance across new political, legislative and regulatory environments. This risk is further compounded due to the enormity of the change and programme management activities;
- The Group's business strength is affected by its ability to maintain a wide and flexible global food supply base operating at standards that can continuously achieve the specifications set by Hilton and its customers;
- Contamination within the supply chain including outbreaks of disease and feed contaminants affecting livestock and fish and media concerns relating to these and instances of product adulteration can impact the Group's sales;
- Significant incidents such as fire, flood or interruption of supply of key utilities could impact the Group's business continuity; and
- The Group's IT systems could be subject to cyber-attacks including ransomware and fraudulent external email activity. These kinds of attacks are generally increasing in frequency and sophistication.

The Covid-19 outbreak continues to present major challenges across the globe that we recognise is a significant risk for our business. There is uncertainty over i) whether continued governmental efforts to suppress the infection peak and ultimately eliminate the virus can be sustained and ii) the timing and effectiveness of any vaccine. Therefore the necessary measures we have introduced to manage our exposure to, and mitigate the impact of, this pandemic are likely to be required for some time. To date all of our facilities have remained fully operational and without interruption. Potential risks, impacts and risk mitigation measures and strategies include:

Potential Risk	Potential impact	Risk mitigation measures and strategies adopted
Rise in Covid-19 positive cases within the workforce	○ Reduction in available skilled operatives ○ Production limitation	○ Controlled entry to all sites ○ Temperature monitoring ○ Extensive cleaning regimes and hand-sanitising stations ○ Use of face masks, visors and screens ○ Track and trace procedures following all positive cases ○ Restriction on all travel and remote working from home ○ Virtual meeting software ○ Isolation of vulnerable employees ○ Enhanced communication to all employees via app, posters and briefings ○ Executive leadership focus and direction ○ Business continuity plans including sister site support
Key suppliers affected by rate of Covid-19 transmission	○ Interruption in supply chain	○ Critical assessment of key supplies ○ Timely communication with key suppliers to agree strategy to ensure the continued supply of goods and services
Local authority intervention	○ Regional lockdown measures reintroduced ○ Potential closure of site due to rise in positive cases ○ Mass testing requirement	○ Continuation of Covid-19 protective measures ○ Partnership arrangement with local authorities to share best practice

The risks and uncertainties outlined above had no material adverse impact on the results for the 28 weeks to 12 July 2020 and are expected to remain unchanged for the remainder of the 2020 financial year.

The Hilton Food Group plc 2019 Annual report also identified emerging risks including Brexit and climate changes. We continue to monitor post Brexit negotiations on a trade deal and future co-operation with the EU as the end of the transition period approaches. Potential impacts on the Group include our ability to hire employees, increased trade tariffs on imported goods, possible border delays, currency volatility and dis-harmonisation of UK and EU regulatory standards in a range of areas. Our exposure is somewhat mitigated through our predominantly local sourcing and operating model. Additionally we meet regularly with relevant industry bodies and have put in place a range of contingency measures including rebalancing supply lines to minimise border crossings, flexible buy models and ongoing communication with suppliers to increase stock holdings. Overall, we still believe that the Hilton business is sufficiently resilient to withstand these uncertainties whilst minimising disruption.

Philip Heffer
Chief Executive Officer

Nigel Majewski
Chief Financial Officer

16 September 2020

Statement of Directors' responsibilities

The Directors confirm that the condensed consolidated interim financial statements (the "interim financial statements") have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

(a) an indication of important events during the first 28 weeks and their impact on the interim financial statements, and a description of principal risks and uncertainties for the remaining 25 weeks of the financial year; and
(b) material related party transactions in the first 28 weeks and any material changes in related party transactions described in the last annual report.

The Directors of Hilton Food Group plc were listed in the 2019 Hilton Food Group plc Annual report and financial statements. The only change in Directors since 29 December 2019 has been the appointment of Rebecca Shelley. A list of current Directors is maintained on the Hilton Food Group plc website at www.hiltonfoodgroupplc.com.

On behalf of the Board

Robert Watson OBE
Executive Chairman

Nigel Majewski
Chief Financial Officer

Income statement

Continuing operations	Notes	**28 weeks ended 12 July 2020 £'000**	28 weeks ended 14 July 2019 £'000
Revenue	4	**1,264,155**	912,067
Cost of sales		**(1,112,825)**	(791,391)
Gross profit		**151,330**	120,676
Distribution costs		**(12,064)**	(10,538)
Administrative expenses		**(111,361)**	(87,321)
Share of profit in joint venture		**3,403**	3,361
Operating profit	4	**31,308**	26,178
Finance income		**1**	78
Finance costs		**(7,272)**	(6,393)
Finance costs – net		**(7,271)**	(6,315)
Profit before income tax		**24,037**	19,863
Income tax expense	5	**(4,969)**	(4,527)
Profit for the period		**19,068**	15,336
Profit attributable to:			
Owners of the parent		**18,218**	14,202
Non-controlling interests		**850**	1,134
		19,068	15,336
Earnings per share for profit attributable to owners of the parent			
- Basic (pence)	7	**22.3**	17.4
- Diluted (pence)	7	**22.1**	17.2

Statement of comprehensive income

	28 weeks ended 12 July 2020 £'000	28 weeks ended 14 July 2019 £'000
Profit for the period	**19,068**	15,336
Other comprehensive income		
Currency translation differences	**4,152**	(700)
Other comprehensive income for the period net of tax	**4,152**	(700)
Total comprehensive income for the period	**23,220**	14,636
Total comprehensive income attributable to:		
Owners of the parent	**22,129**	13,545
Non-controlling interests	**1,091**	1,091
	23,220	14,636

The notes form an integral part of these interim financial statements.

Balance sheet

	Notes	**12 July 2020**	14 July 2019	29 December 2019
		£'000	£'000	£'000
Assets				
Non-current assets				
Property, plant and equipment	8	**276,463**	203,784	226,562
Lease: Right-of-use asset	8	**144,434**	202,083	178,293
Intangible assets	8	**68,578**	69,771	69,539
Investments	9	**13,179**	11,833	11,758
Trade and other receivables		**176**	809	662
Deferred income tax assets		**2,467**	1,485	2,270
		505,297	489,765	489,084
Current assets				
Inventories		**107,433**	91,331	91,337
Trade and other receivables		**251,894**	192,950	214,611
Current income tax assets		**1,973**	1,354	-
Other financial asset		**-**	4,377	-
Cash and cash equivalents		**111,064**	79,186	110,514
		472,364	369,198	416,462
Total assets		**977,661**	858,963	905,546
Equity and liabilities				
Equity				
Share capital	11	**8,191**	8,170	8,173
Share premium		**65,397**	63,880	64,251
Employee share schemes reserve		**3,362**	4,205	4,139
Foreign currency translation reserve		**4,166**	3,477	255
Retained earnings		**145,824**	126,232	140,192
Reverse acquisition reserve		**(31,700)**	(31,700)	(31,700)
Merger reserve		**919**	919	919
Equity attributable to owners of the parent		**196,159**	175,183	186,229
Non-controlling interests		**5,640**	4,974	5,711
Total equity		**201,799**	180,157	191,940
Liabilities				
Non-current liabilities				
Borrowings	10	**215,383**	160,747	175,370
Lease liability		**142,646**	137,256	132,790
Trade and other payables		**3,318**	-	3,318
Deferred income tax liabilities		**3,125**	5,752	4,116
		364,472	303,755	315,594
Current liabilities				
Borrowings	10	**27,372**	20,112	21,969
Lease liability		**11,077**	70,394	51,843
Trade and other payables		**372,941**	284,545	321,771
Current income tax liabilities		**-**	-	2,429
		411,390	375,051	398,012
Total liabilities		**775,862**	678,806	713,606
Total equity and liabilities		**977,661**	858,963	905,546

The notes form an integral part of these interim financial statements.

Statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Employee share schemes reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Reverse acquisition reserve £'000	Merger reserve £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
		Attributable to owners of the parent									
Balance at 31 December 2018		8,160	63,628	5,505	4,134	124,923	(31,700)	919	175,569	5,677	181,246
Comprehensive income											
Profit for the period		-	-	-	-	14,202	-	-	14,202	1,134	15,336
Other comprehensive income											
Currency translation differences		-	-	-	(657)	-	-	-	(657)	(43)	(700)
Total comprehensive income		-	-	-	(657)	14,202	-	-	13,545	1,091	14,636
Transactions with owners											
Issue of new shares	11	10	252	-	-	-	-	-	262	-	262
Adjustment in respect of employee share schemes		-	-	(1,300)	-	-	-	-	(1,300)	-	(1,300)
Dividends paid	6	-	-	-	-	(12,893)	-	-	(12,893)	(1,794)	(14,687)
Total transactions with owners, recognised directly in equity		10	252	(1,300)	-	(12,893)	-	-	(13,931)	(1,794)	(15,725)
Balance at 14 July 2019		8,170	63,880	4,205	3,477	126,232	(31,700)	919	175,183	4,974	180,157
Balance at 30 December 2019		**8,173**	**64,251**	**4,139**	**255**	**140,192**	**(31,700)**	**919**	**186,229**	**5,711**	**191,940**
Comprehensive income											
Profit for the period		**-**	**-**	**-**	**-**	**18,218**	**-**	**-**	**18,218**	**850**	**19,068**
Other comprehensive income											
Currency translation differences		**-**	**-**	**-**	**3,911**	**-**	**-**	**-**	**3,911**	**241**	**4,152**
Total comprehensive income		**-**	**-**	**-**	**3,911**	**18,218**	**-**	**-**	**22,129**	**1,091**	**23,220**
Transactions with owners											
Issue of new shares	**11**	**18**	**1,146**	**-**	**-**	**-**	**-**	**-**	**1,164**	**-**	**1,164**
Adjustment in respect of employee share schemes		**-**	**-**	**(777)**	**-**	**-**	**-**	**-**	**(777)**	**-**	**(777)**
Dividends paid	**6**	**-**	**-**	**-**	**-**	**(12,586)**	**-**	**-**	**(12,586)**	**(1,162)**	**(13,748)**
Total transactions with owners, recognised directly in equity		**18**	**1,146**	**(777)**	**-**	**(12,586)**	**-**	**-**	**(12,199)**	**(1,162)**	**(13,361)**
Balance at 12 July 2020		**8,191**	**65,397**	**3,362**	**4,166**	**145,824**	**(31,700)**	**919**	**196,159**	**5,640**	**201,799**

The notes form an integral part of these interim financial statements.

Cash flow statement

	28 weeks ended 12 July 2020 £'000	28 weeks ended 14 July 2019 £'000
Cash flows from operating activities		
Cash generated from operations	**53,234**	19,522
Interest paid	**(7,271)**	(6,393)
Income tax paid	**(10,568)**	(4,981)
Net cash generated from operating activities	**35,395**	8,148
Cash flows from investing activities		
Dividends received from joint venture	**2,133**	2,103
Investment in joint venture	**-**	(5,246)
Acquisition of subsidiary net of cash acquired	**-**	591
Purchases of property, plant and equipment	**(60,277)**	(56,172)
Proceeds from sale of property, plant and equipment	**261**	22
Purchases of intangible assets	**(373)**	(677)
Interest received	**-**	78
Net cash used in investing activities	**(58,256)**	(59,301)
Cash flows from financing activities		
Proceeds from borrowings	**71,563**	73,257
Repayments of borrowings	**(29,506)**	(5,582)
Payment of lease liability	**(8,290)**	(6,190)
Issue of new shares	**1,164**	262
Other financial asset	**-**	3,478
Dividends paid to owners of the parent	**(12,586)**	(12,893)
Dividends paid to non-controlling interests	**(1,162)**	(1,794)
Net cash generated from financing activities	**21,183**	50,538
Net decrease in cash and cash equivalents	**(1,678)**	(615)
Cash and cash equivalents at beginning of the period	**110,514**	80,234
Exchange gains/(losses) on cash and cash equivalents	**2,228**	(433)
Cash and cash equivalents at end of the period	**111,064**	79,186

The notes form an integral part of these interim financial statements.

Notes to the interim financial statements
1 General information

Hilton Food Group plc ("the Company") and its subsidiaries (together "the Group") is the leading specialist international food packing business.

The Company is a public limited company incorporated and domiciled in the UK. The address of the registered office is 2–8 The Interchange, Latham Road, Huntingdon, Cambridgeshire PE29 6YE. The registered number of the Company is 06165540.

The Company maintains a Premium Listing on the London Stock Exchange.

These interim financial statements were approved for issue on 16 September 2020.

These interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 52 weeks ended 29 December 2019 were approved by the Board of Directors on 6 April 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

These interim financial statements have been reviewed, not audited.

2 Basis of preparation

These interim financial statements for the 28 weeks ended 12 July 2020 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The interim financial statements should be read in conjunction with the annual report and financial statements for the 52 weeks ended 29 December 2019 which have been prepared in accordance with IFRS as adopted by the European Union.

Estimates
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were, the same as those that applied to the consolidated financial statements for the 52 weeks ended 29 December 2019.

3 Accounting policies

The accounting policies adopted in the preparation of these interim results are consistent with those applied in the preparation of the Group's annual report for the year ended 29 December 2019.

Current income tax
Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4 Segment information

Management have determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors have considered the business from both a geographic and product perspective.

From a geographic perspective, the Executive Directors consider that the Group has eight operating segments: i) United Kingdom; ii) Netherlands; iii) Republic of Ireland; iv) Sweden; v) Denmark; vi) Central Europe including Poland, Czech Republic, Hungary, Slovakia, Latvia, Lithuania and Estonia; vii) Portugal and viii) Australasia and ix) Central costs. The United Kingdom, Netherlands, Republic of Ireland, Sweden, Denmark, Central Europe and Portugal have been aggregated into one reportable segment, 'Europe' as they have similar economic characteristics as identified in IFRS 8. Australasia and Central costs comprise the other reportable segments.

In the prior year, Western and Central Europe was presented as a separate segments, however these have now been combined into a single European segment. 2019 segmental information has been restated to show the combined segment.

From a product perspective the Executive Directors consider that the Group has only one identifiable product, wholesaling of food protein products including meat, fish and vegetarian. The Executive Directors consider that no further segmentation is appropriate, as all of the Group's operations are subject to similar risks and returns and exhibit similar long term financial performance.

The segment information provided to the Executive Directors for the reportable segments is as follows:

	Total segment revenue £'000	**Operating profit/(loss) segment result £'000**
28 weeks ended 12 July 2020		
Europe	**1,036,084**	**30,091**
Australasia	**228,071**	**8,526**
Central and other	**-**	**(7,309)**
Total	**1,264,155**	**31,308**
28 weeks ended 14 July 2019		
Europe	904,516	26,694
Australasia	7,551	5,405
Central and other	-	(5,921)
Total	912,067	26,178

The Group uses a number of alternative performance measures to asses underlying performance, these are explained and reconciled to the segmental results presented above in note 14.

	12 July 2020	14 July 2019	29 December 2019
	£'000	£'000	£'000
Total assets			
Europe	**561,299**	530,116	541,582
Australasia	**394,401**	309,662	348,293
Central and other	**17,521**	16,346	13,401
Total segment assets	**973,221**	856,124	903,276
Current income tax assets	**1,973**	1,354	-
Deferred income tax assets	**2,467**	1,485	2,270
Total assets per balance sheet	**977,661**	858,963	905,546

There are no significant seasonal fluctuations.

5 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the 53 weeks to 3 January 2021 is 20.7%. The estimated average annual effective tax rate for the 28 weeks ended 14 July 2019 was 22.8%.

6 Dividends

	28 weeks ended 12 July 2020	28 weeks ended 14 July 2019
	£'000	£'000
Final dividend paid 15.4p per ordinary share (2019: 15.8p)	**12,586**	12,893
Total dividends paid	**12,586**	12,893

The Directors have approved the payment of an interim dividend of 7.0p per share payable on 27 November 2020 to shareholders who are on the register at 30 October 2020. This interim dividend, amounting to £5.7m has not been recognised as a liability in these interim financial statements. It will be recognised in shareholders' equity in the 53 weeks to 3 January 2021.

7 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options for which a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

		28 weeks ended 12 July 2020		28 weeks ended 14 July 2019	
		Basic	**Diluted**	Basic	Diluted
Profit attributable to equity holders of the Company	(£'000)	**18,218**	**18,218**	14,202	14,202
Weighted average number of ordinary shares in issue	(thousands)	**81,756**	**81,756**	81,619	81,619
Adjustment for share options	(thousands)	**-**	**827**	-	991
Adjusted weighted average number of ordinary shares	(thousands)	**81,756**	**82,583**	81,619	82,610
Basic and diluted earnings per share	(pence)	**22.3**	**22.1**	17.4	17.2

8 Property, plant and equipment, right-of-use and intangible assets

	Property, plant and equipment £'000	**Right-of-use asset £'000**	**Intangible assets £'000**
28 weeks ended 14 July 2019			
Opening net book amount as at 31 December 2018	157,619	140,647	66,960
Exchange adjustments	642	1,721	7
Acquisition of subsidiary	850	232	3,318
Additions	56,172	68,957	677
Disposals	(20)	(29)	-
Transfer	(181)	-	181
Depreciation and amortisation	(11,298)	(9,445)	(1,372)
Closing net book amount as at 14 July 2019	203,784	202,083	69,771
28 weeks ended 12 July 2020			
Opening net book amount as at 30 December 2019	**226,562**	**178,293**	**69,539**
Exchange adjustments	**6,916**	**2,957**	**14**
Additions	**24,149**	**7,891**	**373**
Disposals	**(235)**	**-**	**-**
Revaluation	**(22)**	**2,628**	**-**
Transfer	**36,038**	**(36,128)**	**90**
Depreciation and amortisation	**(16,945)**	**(11,207)**	**(1,438)**
Closing net book amount as at 12 July 2020	**276,463**	**144,434**	**68,578**

9 Investments

Investments in joint ventures

	28 weeks ended 12 July 2020 £'000	28 weeks ended 14 July 2019 £'000	52 weeks ended 31 December 2019 £'000
At the beginning of the year	**11,758**	5,209	5,209
Acquisitions	**-**	5,246	5,246
Profit for the period	**3,403**	3,361	6,406
Dividends received	**(2,133)**	(2,103)	(4,995)
Effect of movements in foreign exchange	**151**	120	(108)
At the end of the year	**13,179**	11,833	11,758

10 Borrowings

	12 July 2020 £’000	14 July 2019 £’000	29 December 2019 £’000
Current	**27,372**	20,112	21,969
Non-current	**215,383**	160,747	175,370
Total borrowings	**242,755**	180,859	197,339

Movements in borrowings is analysed as follows:

	28 weeks ended 12 July 2020 £’000	28 weeks ended 14 July 2019 £’000	52 weeks ended 29 December 2019 £’000
Opening amount	**197,339**	114,834	114,834
Exchange adjustments	**3,359**	132	(3,077)
New borrowings	**71,563**	72,909	95,596
Increase in bank overdrafts	**-**	348	-
Repayment of borrowings	**(29,506)**	(5,582)	(8,311)
Reclassification to lease liability	**-**	(1,782)	(1,703)
Closing amount	**242,755**	180,859	197,339

11 Ordinary shares

	Number of shares (thousands)	**Ordinary shares £'000**	**Total £'000**
At 31 December 2018	81,598	8,160	8,160
Issue of new shares on exercise of employee share options	106	10	10
At 14 July 2019	81,704	8,170	8,170
At 30 December 2019	**81,725**	**8,173**	**8,173**
Issue of new shares on exercise of employee share options	**181**	**18**	**18**
At 12 July 2020	**81,906**	**8,191**	**8,191**

12 Related party transactions

The Directors do not consider there to be one ultimate controlling party. The companies noted below are all deemed to be related parties by way of common Directors.

Transactions between related parties on an arm's length basis were as follows:

	28 weeks ended 12 July 2020 £'000	28 weeks ended 14 July 2019 £'000	52 weeks ended 29 December 2019 £'000
Dalco Food B.V.	**3**	-	117
Sohi Meat Solutions Distribuicao de Carnes SA - Fee for services	**2,209**	1,719	3,246
Sohi Meat Solutions Distribuicao de Carnes SA - Recharge of joint venture costs	**310**	874	352

Amounts owing from related parties were as follows:

	12 July 2020 £'000	14 July 2019 £'000	29 December 2019 £'000
Dalco Food B.V.	**-**	-	117
Sohi Meat Solutions Distribuicao de Carnes SA	**35**	311	348

13 Financial instruments

The fair value of the financial assets and liabilities approximate to their carrying amounts.

14 Alternative performance measures

The Group's performance is assessed using a number of alternative performance measures (APMs).

The Group's alternative profitability measures are presented before exceptional items, amortisation of certain intangible assets acquired through business combinations and the impact of IFRS 16.

The measures are presented on this basis, as management believe they provide useful additional information about the Group's performance and aids a more effective comparison of the Group's underlying trading performance.

Adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the income statement below.

28 weeks ended 12 July 2020

	Reported	Add back: IFRS 16 Impact	Less: IAS 17 Lease accounting costs	**Reported – excl IFRS 16**	Add back: Amortisation of acquisition intangibles	**Adjusted**
	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Operating profit	**31,308**	10,986	(12,101)	**30,193**	1,319	**31,512**
Net finance costs	**(7,271)**	3,818	-	**(3,453)**	-	**(3,453)**
Profit before income tax	**24,037**	14,804	(12,101)	**26,740**	1,319	**28,059**
Profit for the period	**19,068**	14,002	(12,101)	**20,969**	1,068	**22,037**
Less non-controlling interests	**(850)**	(198)	185	**(863)**	-	**(863)**
Profit attributable to members of the parent	**18,218**	13,804	(11,916)	**20,106**	1,068	**21,174**
Depreciation and amortisation*	**29,962**	(11,108)	-	**18,854**	(1,319)	**17,535**
EBITDA	**61,270**	(122)	(12,101)	**49,047**	-	**49,047**
Earnings Per Share	**Pence**			**pence**		**pence**
Basic	**22.3**			**24.6**		**25.9**
Diluted	**22.1**			**24.3**		**25.6**

*Includes £372,000 amortisation of contract assets charged to revenue.

28 weeks ended 14 July 2019

	Reported	Add back: IFRS 16 Impact	Less: IAS 17 Lease accounting costs	**Reported – excl IFRS 16**	Add back: Amortisation of acquisition intangibles	**Adjusted**
	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Operating profit	**26,178**	9,340	(10,071)	**25,447**	1,283	**26,730**
Net finance costs	**(6,315)**	4,064	-	**(2,251)**	-	**(2,251)**
Profit before income tax	**19,863**	13,404	(10,071)	**23,196**	1,283	**24,479**
Profit for the period	**15,336**	13,404	(10,071)	**18,669**	1,039	**19,708**
Less non-controlling interests	**(1,134)**	(189)	187	**(1,136)**	-	**(1,136)**
Profit attributable to members of the parent	**14,202**	13,215	(9,884)	**17,533**	1,039	**18,572**
Depreciation and amortisation*	**23,063**	(9,340)	-	**13,723**	(1,283)	**12,440**
EBITDA	**49,241**	-	(10,071)	**39,170**	-	**39,170**
Earnings Per Share	**pence**			**pence**		**pence**
Basic	**17.4**			**21.5**		**22.8**
Diluted	**17.2**			**21.2**		**22.5**

*Includes £950,000 amortisation of contract assets charged to revenue.

Segmental operating profit reconciles to adjusted segmental operating profit as follows:

28 weeks ended 12 July 2020

	Reported	Add back: IFRS 16 Impact	Less: IAS 17 Lease accounting costs	**Reported - excl IFRS 16**	Add back: Amortisation of acquisition intangibles	**Adjusted**
	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Europe	**30,091**	3,015	(3,099)	**30,007**	1,319	**31,326**
Australasia	**8,526**	7,971	(9,002)	**7,495**	-	**7,495**
Central costs	**(7,309)**	-	-	**(7,309)**	-	**(7,309)**
Total	**31,308**	10,986	(12,101)	**30,193**	1,319	**31,512**

28 weeks ended 14 July 2019

	Reported	Add back: IFRS 16 Impact	Less: IAS 17 Lease accounting costs	**Reported - excl IFRS 16**	Add back: Amortisation of acquisition intangibles	**Adjusted**
	£'000	£'000	£'000	**£'000**	£'000	**£'000**
Europe	**26,694**	3,137	(3,176)	**26,655**	1,283	**27,938**
Australasia	**5,405**	6,203	(6,895)	**4,713**	-	**4,713**
Central costs	**(5,921)**	-	-	**(5,921)**	-	**(5,921)**
Total	**26,178**	9,340	(10,071)	**25,447**	1,283	**26,730**

Independent review report

Independent review report to Hilton Food Group plc

Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Hilton Food Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year report of Hilton Food Group plc for the 28 week period ended 12 July 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:
- the Balance sheet as at 12 July 2020;
- the Income statement and Statement of comprehensive income for the period then ended;
- the Cash flow statement for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors
The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Belfast

16 September 2020

The maintenance and integrity of the Hilton Food Group website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.